

# A Local Perspective: Littleton's Economic Gardening Strategy

by Chris Gibbons

*Chris Gibbons is the director of business/industry affairs for the City of Littleton, Colo. Gibbons co-created the concept of "Economic Gardening" in Littleton more than two decades ago.*



Economic Gardening has become a hot topic in economic development circles. The alternative approach, which focuses on nurturing second stage growth companies and growing an economy from within, has caught the attention of many economic developers. Yahoo! has more than 350,000 references to the term and over 700 communities have contacted Littleton, Colo., to learn more about our project.

The relocation of manufacturing plants offshore and the general decline of economic health in parts of the country have reduced the effectiveness of traditional economic hunting. Communities are struggling to regain a sense of control over their future, and they see investments in local entrepreneurs as less risky and more certain than continuing to play the high stakes recruiting game.

We began Littleton's economic gardening project with the idea that "economic gardening" was a better approach for Littleton than "economic hunting." By this, we meant that we intended to grow our own jobs through entrepreneurial activity instead of recruiting them. The idea was based on research by David Birch at MIT that indicated the great majority of all new jobs in any local economy were produced by the small, local businesses of the community. The recruiting coups drew major newspaper headlines, but they were a minor part (often less than 5 percent) of job creation in most local economies.

Further, we had a sense that successful recruiting programs existed primarily in those areas that were attracting new businesses anyway, regardless of whether they had an economic development program. For every successful recruiter who represented a hot office/industrial park in a major metropolitan area, there were literally hundreds of economic developers in rural areas, inner cities and small towns who struggled without much real success.

There was another, darker side of recruiting that also bothered us. If an outlying area was successful at attracting new industry, it seemed to be a certain type of business activity: the branch plant of industries that competed primarily on low price and thus needed low cost factors of production. Rural towns with cheap land, free buildings, tax abatements and especially low wage labor would "win" these relocating businesses. Our experience indicated that these types of expansions stayed around as long as costs stayed low. If the standard of living started to rise, the company pulled up stakes and headed for locations where the costs were even lower, often Third World countries.

It is important for cities to understand that Economic Gardening is not a quick answer to a plant shutting down. It is not a fad diet, it is a lifestyle change. You cannot expect silver bullet solutions to sudden economic woes. Economic Gardening takes time to put into place and time to reach a critical mass of growing companies.

Our approach focuses on bringing sophisticated corporate level tools like database researching, geographic information systems, search engine optimization and social network mapping to the small, growing company. Economic Gardening is also founded on scientific principles that address things like survival in uncertain times.

In a typical engagement, the Economic Gardening team will assist a company with core strategy, market analysis, competitor intelligence, using temperament to slot teams and undertaking custom business research. Normally the team works quickly – within hours or days at the most.

I am quick to point out that Economic Gardening is not just a business assistance program. I often hear people say, "Oh, we are running an economic gardening program; we just didn't call it that," My instincts are to respond "Great, let's talk about your search engine optimization and database searching and use of temperament and systems thinking and complexity theory – because that and a lot more is what Economic Gardening is founded on."

Economic Gardening's objective is to provide a nurturing environment to entrepreneurial companies. Information is a major component of that environment, but it also includes infrastructure and connections. Infrastructure extends beyond roads and sewer to include quality of life and intellectual infrastructure. Connections between the CEOs of growth companies as well as to academic resources improves the bottom line.

The program has helped entrepreneurs double the job base in Littleton from 15,000 to 30,000 and triple the retail sales tax from \$6 million to \$21 million over the past 20 years. The population only grew 23 percent during that same time period. Perhaps even more telling, it has generated enthusiastic support from Littleton's business community. The staff has received abundant praise over the years stressing the invaluable service we provide to local businesses.

An entrepreneurial approach to economic development has several advantages. First, cost per job is much less than the \$250,000 to \$300,000 incentives typical in major relocations. Second, the investment is in the community and its infrastructure; should a business choose to leave, they do not take that investment with them. Third, it is a healthier approach in that a community's future is no longer tied to the whims of an out of state company. Its future is entirely a function of its own efforts and investments.

The focus on second stage companies (companies with 10 to 99 employees and/or \$750,000 to \$50 million in receipts and are in the revenue-generating phase) is bolstered by the research of the Edward Lowe Foundation in Michigan. Its website, [www.youreconomy.org](http://www.youreconomy.org), shows the growth rate of all four company stages for every state,

metro area and county in the country. Click [here](#) to read the December 7, 2009 *Nation's Cities Weekly* article on second stage companies and the Edward Lowe Foundation.

This approach has spread around the world. There are several Economic Gardening projects in the land ðdown underö as well as in Canada and Northern Ireland. Wyoming and Florida run statewide programs, and a number of communities across the U.S. have adopted the innovative approach.

Elected officials who wish to get a better understanding of this new approach, including implications for budget, staffing and supporting infrastructure can contact Mark Lange, executive director of the Edward Lowe Foundation at [Mark@Lowe.org](mailto:Mark@Lowe.org).

**Details:** For more information on Littleton's Economic Gardening work go to [www.littletongov.org/bia/economicgardening/](http://www.littletongov.org/bia/economicgardening/).

To learn more about NLC's Center for Research and Innovation's work on finance and economic development issues, contact Christiana McFarland at [mcfarland@nlc.org](mailto:mcfarland@nlc.org) or Katie Seeger at [seeger@nlc.org](mailto:seeger@nlc.org).

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